

STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
601 DELAWARE AVENUE
WILMINGTON, DELAWARE 19899

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PERSONAL INCOME TAX

- Itemized deductions - Nonresidents - Form 200NR

The Division of Revenue has clarified the method for nonresidents to compute itemized deductions on Delaware Personal Income Tax returns. Where a nonresident is entitled to itemized deductions, having itemized on his Federal return, his itemized deductions would be the same as a resident can claim but subject to a percentage limitation. This limitation is the same percentage his adjusted gross income from sources in Delaware is to his total Federal Adjusted Gross Income. (Line 3 divided by Line 1).

For example: A resident of Pennsylvania has total itemized deductions on his Federal return (after eliminating all State income tax deducted and contributions in excess of 20% on line 5 of the return) of \$2,000. He earns 75% of his adjusted gross income in Delaware. He may deduct 75% of \$2,000 or \$1,500 as itemized deductions.

A related but confusing provision in the Delaware Law which states that the itemized deductions be connected with income derived from sources within Delaware is too ambiguous to require a nonresident to show a specific connection.


J. H. Kennedy
Director of Revenue

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